

TRANSPORTATION

| Budget Summary | | | | | | FTE Position Summary | | | | |
|----------------|--------------------------|-----------------|-----------------|--|--------|----------------------|----------|----------|-------------------------|-------|
| Fund | 2012-13 Adjusted Base | Request | | 2013-15 Change Over Base Year Doubled | | 2012-13 | Request | | 2014-15 Over 2012-13 | |
| | | 2013-14 | 2014-15 | Amount | % | | 2013-14 | 2014-15 | Number | % |
| GPR | \$162,296,000 | \$184,559,400 | \$139,826,900 | - \$205,700 | - 0.1% | 0.00 | 0.00 | 0.00 | 0.00 | 0.0% |
| FED | 850,963,900 | 824,684,600 | 834,275,300 | - 42,967,900 | - 2.5 | 850.29 | 846.29 | 846.29 | - 4.00 | - 0.5 |
| PR | 5,358,500 | 5,295,300 | 5,765,300 | 343,600 | 3.2 | 15.00 | 15.00 | 15.00 | 0.00 | 0.0 |
| SEG | 1,641,563,400 | 1,655,112,200 | 1,557,302,400 | - 70,712,200 | - 2.2 | 2,478.75 | 2,682.75 | 2,682.75 | 204.00 | 8.2 |
| SEG-L | 108,559,400 | 107,098,600 | 107,398,500 | - 2,621,700 | - 1.2 | 0.00 | 0.00 | 0.00 | 0.00 | 0.0 |
| SEG-S | 197,898,100 | 299,445,400 | 197,965,400 | 101,614,600 | 25.7 | 6.00 | 6.00 | 6.00 | 0.00 | 0.0 |
| TOTAL | \$2,966,639,300 | \$3,076,195,500 | \$2,842,533,800 | - \$14,549,300 | - 0.2% | 3,350.04 | 3,550.04 | 3,550.04 | 200.00 | 6.0% |
| BR | | \$683,931,600 | | | | | | | | |

Major Request Items

1. TRANSPORTATION FUND CONDITION STATEMENT

The following table shows the transportation fund condition statement reflecting the Department of Transportation's budget request, as well as the requests of other agencies that have transportation fund appropriations.

| | <u>2013-14</u> | <u>2014-15</u> |
|-------------------------------------|-------------------|-------------------|
| Unappropriated Balance, July 1 | \$88,040,700 | \$965,900 |
| Revenues | | |
| Motor Fuel Tax | \$1,014,324,800 | \$1,024,124,800 |
| Vehicle Registration Fees | 640,564,800 | 637,654,400 |
| Less Revenue Bond Debt Service | -228,159,800 | -241,941,500 |
| General Fund Transfer | 35,127,000 | 35,498,000 |
| Driver's License Fees | 40,557,000 | 40,444,500 |
| Miscellaneous Motor Vehicle Fees | 31,135,600 | 31,255,900 |
| Aeronautical Fees and Taxes | 7,520,300 | 7,684,200 |
| Railroad Property Taxes | 28,366,700 | 28,366,700 |
| Investment Earnings | 322,200 | 3,970,400 |
| Miscellaneous Departmental Revenues | <u>27,845,200</u> | <u>28,606,300</u> |
| Total Annual Revenues | \$1,597,603,800 | \$1,595,663,700 |
| Total Available | \$1,685,644,500 | \$1,596,629,600 |
| Appropriations and Reserves | | |
| DOT Appropriations | \$1,654,757,800 | \$1,556,948,000 |
| Other Agency Appropriations | 24,910,900 | 24,617,500 |
| Less Estimated Lapses | -1,000,000 | -1,000,000 |
| Compensation and Other Reserves | <u>6,009,900</u> | <u>11,930,000</u> |
| Net Appropriations and Reserves | \$1,684,678,600 | \$1,592,495,500 |
| Unappropriated Balance, June 30 | \$965,900 | \$4,134,100 |

2. ALLOCATION OF FEDERAL HIGHWAY AID

Request a reestimate of federal highway formula aid at \$695,180,700 in 2013-14 and \$704,934,500 in 2014-15, which represents a decrease of \$26,296,700 in 2013-14 and \$16,542,900 in 2014-15, relative to the 2012-13 appropriation base. The Department anticipates that the state's federal highway aid will decrease slightly under the recently-passed federal surface transportation reauthorization act, Moving Ahead for Progress in the 21st Century (MAP-21). The Department's request modifies several appropriations to address this reduction, as well as shifts funds to target certain priorities. Most notably, the request would shift funding to the high-cost state highway bridge appropriation in 2013-14 for the Hoan Bridge construction project, and would shift federal funds from the southeast Wisconsin freeway megaprojects appropriation to the state highway rehabilitation appropriation in 2014-15, to partially offset reductions in state funds allocated to that program. The Department's request, in accordance with changes in MAP-21, also consolidates the transportation enhancements, bicycle and pedestrian facilities, and safe routes to school programs into a new program, entitled transportation alternatives, and would fund the new program at about one-half the combined base of the eliminated programs. Finally, the Department's request would eliminate the allocation of federal highway funds to the passenger rail service appropriation, and would, instead, fund the cost of the state's share of the Chicago to Milwaukee, Hiawatha service using state funds only.

The following table shows the changes to the appropriation base requested by the Department and the resulting distribution of federal highway formula aid.

| | Appropriation Base | Budget Request Change to Base | | Budget Request Totals | |
|---|-----------------------|----------------------------------|-----------------|-----------------------|-------------------|
| | | 2013-14 | 2014-15 | 2013-14 | 2014-15 |
| State Highway Rehabilitation | \$401,232,200 | -\$27,794,100 | \$101,967,400 | \$373,438,100 | \$503,199,600 |
| Southeast WI Freeway Megaprojects | 95,053,100 | 0 | -77,126,600 | 95,053,100 | 17,926,500 |
| Major Highway Development | 78,263,500 | -6,334,200 | -25,415,400 | 71,929,300 | 52,848,100 |
| High-Cost State Hwy. Bridges | 0 | 25,000,000 | 0 | 25,000,000 | 0 |
| Highway System Mgmt. and Ops.* | 1,125,900 | -23,400 | -23,400 | 1,102,500 | 1,102,500 |
| Departmental Mgmt. and Ops. | 12,809,400 | 182,900 | 182,900 | 12,992,300 | 12,992,300 |
| Administration and Planning | 3,744,500 | -80,500 | -80,500 | 3,664,000 | 3,664,000 |
| Rail Passenger Service | 4,488,700 | -4,488,700 | -4,488,700 | 0 | 0 |
| Local Transportation Facility Improvement | 72,238,000 | -3,611,900 | -3,611,900 | 68,626,100 | 68,626,100 |
| Local Bridge Improvement | 24,409,600 | -1,996,900 | -897,100 | 22,412,700 | 23,512,500 |
| Railroad Crossing Improvements | 3,291,800 | 0 | 0 | 3,291,800 | 3,291,800 |
| Trans. Enhancements Grants | 6,251,600 | -6,251,600 | -6,251,600 | 0 | 0 |
| Bicycle and Pedestrian Facilities | 3,720,000 | -3,720,000 | -3,720,000 | 0 | 0 |
| Safe Routes to School | 3,230,100 | -3,230,100 | -3,230,100 | 0 | 0 |
| Transportation Alternatives | 0 | 6,951,800 | 7,049,300 | 6,951,800 | 7,049,300 |
| Congestion Mitigation/ Air Quality Improvement | <u>11,619,000</u> | <u>-900,000</u> | <u>-897,200</u> | <u>10,719,000</u> | <u>10,721,800</u> |
| Total | \$721,477,400 | -\$26,296,700 | -\$16,542,900 | \$695,180,700 | \$704,934,500 |

*This appropriation is currently titled highway maintenance, repair, and traffic operations; the Department's budget request would rename the appropriation as part of a proposed split of the current appropriation structure for highway maintenance activities into two parts.

3. TRANSPORTATION REVENUE BOND AUTHORIZATION

| | |
|----|---------------|
| BR | \$448,231,600 |
|----|---------------|

Request increased revenue bond authority of \$448,231,600, reflecting the Department's proposed use of revenue bonds for major highway development projects, the Hoan Bridge reconstruction project, and administrative facility construction projects. The increased authorization, when added to unused authority at the end of the 2011-13 biennium (estimated at \$153,817,100), is the amount estimated to be needed for projects during the 2013-15 biennium, plus an additional amount for the following biennium to provide sufficient authority to complete projects started in the 2013-15 biennium. The Department's request proposes the total use of \$432,904,000 in revenue bond proceeds during the biennium, allocated as follows: (a) \$139,772,000 in 2013-14 and \$159,772,000 in 2014-15 for the major highway development program; (b) \$121,480,000 in 2013-14 for the Hoan Bridge reconstruction project; and (c) \$5,940,000 annually for administrative facility construction projects.

4. TRANSPORTATION REVENUE BOND DEBT SERVICE REESTIMATE

| | |
|---------|----------------|
| SEG-REV | - \$52,212,300 |
|---------|----------------|

Request a decrease in estimated transportation fund revenue of \$19,215,300 in 2013-14 and \$32,997,000 in 2014-15 to reflect increases in the amount of vehicle registration revenue needed to pay principal and interest on transportation revenue bonds. Revenue bond debt service is paid from vehicle registration revenue prior to that revenue being deposited in the transportation fund. Consequently, debt service payments are considered negative revenue rather than a transportation fund expenditure. Total transportation revenue bond debt service in 2012-13 is estimated at \$208,944,500, an amount that is projected to increase under the Department's request to \$228,159,800 in 2013-14 and \$241,941,500 in 2014-15. Of the debt service increases in this item, an estimated \$5,716,300 in 2013-14 and \$22,500,700 in 2014-15 is associated with the proposed use of revenue bonds in the 2013-15 biennium under the Department's request, while the remainder (\$13,499,000 in 2013-14 and \$10,496,300 in 2014-15) is associated with bonds used in the current or prior biennia.

5. TRANSPORTATION FUND-SUPPORTED, GENERAL OBLIGATION BOND DEBT SERVICE REESTIMATE -- SOUTHEAST WISCONSIN FREEWAY RECONSTRUCTION PROJECTS

| | |
|-----|--------------|
| SEG | \$13,730,000 |
|-----|--------------|

Request an increase in funding of \$3,042,800 in 2013-14 and \$10,687,200 in 2014-15 to reestimate debt service payments on existing transportation fund-supported, general obligation bonds authorized for southeast Wisconsin freeway reconstruction projects. With this reestimate, total debt service on these previously-authorized bonds would be \$52,327,500 in 2013-14 and \$59,971,900 in 2014-15. The Department has requested an additional \$165,000,000 in bonds for the Zoo Interchange reconstruction project. The increased debt service associated with these additional bonds is reflected in a separate entry for the southeast Wisconsin freeway megaprojects program.

6. TRANSPORTATION FUND-SUPPORTED, GENERAL OBLIGATION BOND DEBT SERVICE REESTIMATE -- OTHER TRANSPORTATION PROJECTS

| | |
|-----|--------------|
| SEG | \$48,182,600 |
|-----|--------------|

Request an increase in funding of \$16,564,600 in 2013-14 and \$31,618,000 in 2014-15 to reflect a reestimate of debt service payments on existing transportation fund-supported, general obligation bonds authorized for state highway rehabilitation, major highway development, freight rail, and harbor improvement projects. With this reestimate, total debt service on these existing bonds would total \$45,051,900 in 2013-14 and \$60,105,300 in 2014-15. The Department's request would authorize additional bonds for the freight rail (\$60,000,000) and harbor improvement (\$10,700,000) projects. The debt service associated with the additional bonds is reflected under entries for those programs.

7. GENERAL FUND-SUPPORTED, GENERAL OBLIGATION BOND DEBT SERVICE REESTIMATE

| | |
|-----|-------------|
| GPR | - \$205,700 |
|-----|-------------|

Request an increase in funding of \$22,263,400 in 2013-14 and a decrease in funding of \$22,469,100 in 2014-15 to reflect a reestimate of debt service payments on existing general fund supported, general obligation bonds authorized for state highway projects in previous biennia. With this reestimate, total debt service on these bonds would be \$184,559,400 in 2013-14 and \$139,826,900 in 2014-15. Debt service is projected to increase in 2013-14 due to the payment of additional principal deferred from earlier years. Payments would decrease in 2014-15 as older bond issues begin to be retired.

8. GENERAL TRANSPORTATION AIDS

| | |
|-----|-------------|
| SEG | - \$744,600 |
|-----|-------------|

Request decreases in funding for general transportation aids as follows:

a. *County Aid.* Decrease funding by \$43,400 in 2013-14 and \$131,200 in 2014-15 to provide a total of \$94,572,200 in 2013-14 and \$94,484,400 in 2014-15. Set the calendar year distribution at \$94,442,000 for calendar year 2014 and \$94,611,700 for calendar year 2015 and thereafter. This represents a 0.183% decrease in the annual aid distribution for calendar year 2014 and a 0.18% increase in the aid distribution for calendar year 2015.

b. *Municipal Aid.* Decrease funding by \$141,600 in 2013-14 and \$428,400 in 2014-15 to provide a total of \$308,762,700 in 2013-14 and \$308,475,900 in 2014-15. Set the calendar year distribution at \$308,621,100 for calendar year 2014 and \$308,330,700 for calendar year 2015 and thereafter. This represents annual decreases in the aid distribution amount of 0.092% for calendar year 2014 and 0.094% for calendar year 2015.

Repeal the statutory references to 2010 and 2011 calendar year aid payment and mileage aid rate amounts.

The total reductions proposed under this item for counties (-\$174,600) and for municipalities (-\$570,000) are both equal to 0.092% of the adjusted base funding doubled for their respective appropriations. The different calendar year change percentages are the result of

applying uniform fiscal year reductions to different calendar year aid payment schedules for counties and municipalities. The requested funding reductions are associated with a separate item that would provide funding for a new information management system for the general transportation aid program.

9. LOCAL TRANSPORTATION AID INFORMATION SYSTEM

| | |
|-----|-----------|
| SEG | \$744,600 |
|-----|-----------|

Request \$185,000 in 2013-14 and \$559,600 in 2014-15 for the development and ongoing maintenance of a new information system for calculating local transportation aids and storing local road system data. Of the funding provided in 2014-15, \$407,100 would be one-time financing, while the remaining \$152,500 would remain in the ongoing appropriation base. The new system would replace an existing system, developed in the 1970s, used for calculating general transportation aid payments to local governments, as well as for other local aid programs. A separate item would reduce funding for general transportation aid payments by identical amounts to offset the cost of this item.

10. FREIGHT RAIL PRESERVATION PROGRAM

| | |
|-------|------------------|
| BR | \$60,000,000 |
| SEG | <u>2,328,600</u> |
| Total | \$62,328,600 |

Request \$60,000,000 in transportation fund-supported, general obligation bond authorization for the freight rail preservation program. Request an increase in funding of \$375,000 SEG in 2013-14 and \$1,953,600 SEG in 2014-15 to reflect estimated debt service on these bonds. The bonds authorized for this program may be used to acquire abandoned railroad lines or make improvements on lines already owned by the state to upgrade them to modern freight rail standards. The amount of bonds requested would equal the amount provided in the 2009-11 biennium, but would double the amount provided in the 2011-13 biennium. The Department indicates that restoring the 2009-11 level of bonding is requested to meet the demand for track improvements and to purchase additional lines that may be subject to abandonment.

11. HARBOR ASSISTANCE PROGRAM

| | |
|-------|----------------|
| BR | \$10,700,000 |
| SEG | <u>415,300</u> |
| Total | \$11,115,300 |

Request \$10,700,000 in transportation fund-supported, general obligation bond authorization for the harbor assistance program. Request an increase in funding of \$66,900 SEG in 2013-14 and \$348,400 SEG in 2014-15 to reflect estimated debt service on these bonds. The requested bonds would be the same amount provided in the 2011-13 biennium.

12. LOCAL ROADS IMPROVEMENT PROGRAM -- DISCRETIONARY GRANTS

| | |
|-------|---------------------|
| SEG | - \$10,000,000 |
| SEG-L | <u>- 10,000,000</u> |
| Total | - \$20,000,000 |

Request funding reductions of \$5,000,000 SEG and \$5,000,000 SEG-L (local match) annually for the discretionary grant component of the local roads

improvement program. Request a statutory modification to specify that the amount of discretionary grants allocated to town road projects in 2013-14 and annually thereafter would be \$732,500, down from \$5,732,500 annually in 2011-12 and 2012-13. The requested reduction to town road discretionary grants would return to the level of funding provided for such grants in 2009-10 and 2010-11.

13. LOCAL ROADS IMPROVEMENT GRANT PROGRAM -- ENTITLEMENT COMPONENT

| | |
|-------|---------------|
| SEG | - \$600,000 |
| SEG-L | - 600,000 |
| Total | - \$1,200,000 |

Request funding reductions of \$300,000 SEG and \$300,000 SEG-L (local match) annually for the entitlement component of the local roads improvement program. The requested funding would be a 1.9% reduction from the 2012-13 SEG appropriation base.

14. SURFACE TRANSPORTATION GRANT PROGRAM

| | |
|-------|---------------|
| FED | - \$7,223,800 |
| SEG-L | - 1,806,000 |
| Total | - \$9,029,800 |

Request funding reductions of \$3,611,900 FED and \$903,000 SEG-L (local match) annually in the appropriations for local transportation facility assistance appropriations for making grants under the surface transportation program. Grants under this program are made to local governments for improvements on highways and streets that are eligible for federal assistance. The requested reductions would reduce the amount of federal highway aid allocated to the program by 5%, from \$72,238,000 in the 2012-13 base to \$68,626,100 annually.

15. LOCAL ROADS IMPROVEMENT AND SURFACE TRANSPORTATION GRANT PROGRAMS -- LOCAL FUNDS ADJUSTMENT

| | |
|-------|--------------|
| SEG-L | \$14,394,000 |
|-------|--------------|

Request funding increases of \$7,197,000 SEG-L annually in the local match appropriation for the local roads improvement and surface transportation grant programs to accurately reflect the level of local match required for the base level of SEG funding in these programs. Both components of the local roads improvement program require a minimum 50% match for approved projects, while a minimum 20% match is required for the surface transportation grant program. This increase would be partially offset by reductions summarized in the previous three entries, so that the net change in the local match appropriation would be an increase of \$994,000 annually.

16. LOCAL BRIDGE ASSISTANCE

| | |
|-------|---------------|
| FED | - \$2,894,000 |
| SEG-L | - 1,849,700 |
| Total | - \$4,743,700 |

Request funding reductions of \$1,996,900 FED and \$1,062,300 SEG-L (local match) in 2013-14 and \$897,100 FED and \$787,400 SEG-L in 2014-15 for the local bridge assistance program. These changes would reduce the amount of funding available for grants by 6.1% in 2013-14 and by 2.7% in 2014-15, relative to the combined FED and SEG base for the program. The SEG-L adjustments reflect the anticipated

reduction in local match funds corresponding to the federal funds reduction in this item, plus an additional reduction to accurately reflect the 20% minimum match required under the program.

17. RAIL PASSENGER SERVICE

| | |
|-----|---------------|
| FED | - \$8,977,400 |
|-----|---------------|

Request funding reductions of \$4,488,700 annually to eliminate base funding in the FED appropriation for passenger rail service. The Department indicates that the base SEG funding of \$7,198,800 for passenger rail service is sufficient to fund anticipated costs for contracting with Amtrak for the state's share of the Hiawatha service between Chicago and Milwaukee in the 2013-15 biennium.

**18. TRANSPORTATION ALTERNATIVES PROGRAM;
ELIMINATION OF TRANSPORTATION ENHANCE-
MENTS, BICYCLE AND PEDESTRIAN, AND SAFE
ROUTES TO SCHOOL GRANT PROGRAMS**

| | |
|-------|----------------|
| FED | - \$12,402,300 |
| SEG-L | - 1,870,900 |
| Total | - \$14,273,200 |

Request funding decreases of \$6,251,600 FED and \$1,682,600 SEG-L annually for the transportation enhancements grant program, \$3,720,000 FED and \$680,000 SEG-L annually for the bicycle and pedestrian facilities grant program, and \$3,230,100 FED and \$323,000 SEG-L annually for the safe routes to school grant program, to eliminate base FED and SEG-L (local match) funding for those programs. Request statutory modifications to eliminate statutory references to the three programs. Request a funding increase of \$6,951,800 FED and \$1,738,000 SEG-L in 2013-14 and \$7,049,300 FED and \$1,762,300 SEG-L in 2014-15 in newly-created, FED and SEG-L appropriations for the transportation alternatives grant program. The Department indicates in its request that the three existing grant programs would be consolidated into the new transportation alternatives grant program to reflect recent changes in federal law. Accordingly, the Department's request includes statutory modifications to: (a) create a definition of a transportation alternatives project, by reference to the federal definition, which generally incorporates the types of projects previously done under the federal transportation enhancements and safe routes to school programs (both of which included bicycle and pedestrian projects); (b) specify that the Department has authority to administer the transportation alternatives grant program; and (c) specify that grant recipients are responsible for a 20% local project match. [Under current state law (and prior federal law), the transportation enhancements and bicycle and pedestrian grant programs require a 20% match, but the safe routes to school program does not require a nonfederal match.] Request an additional statutory provision to specify that construction projects or planning studies awarded a grant under the transportation alternatives program must begin within four years of the date of the grant award. The requested program consolidation would result in a net decrease in federal funding allocated for making local grants of \$6,249,900 in 2013-14 and \$6,152,400 in 2014-15.

**19. CONGESTION MITIGATION AND AIR QUALITY
IMPROVEMENT PROGRAM**

| | |
|-------|---------------|
| FED | - \$1,797,200 |
| SEG-L | - 889,100 |
| Total | - \$2,686,300 |

Request funding reductions of \$900,000 FED and \$444,900

SEG-L (local match) in 2013-14 and \$897,200 FED and \$444,200 SEG-L in 2014-15 for the congestion mitigation and air quality improvement program. The requested adjustment would reduce the amount of federal funds allocated for making grants by 7.7%. The SEG-L adjustments reflect the anticipated reduction in local match funds corresponding to the federal funds reduction in this item, plus an additional reduction to accurately reflect the 20% minimum match required under the program.

20. STATE HIGHWAY REHABILITATION

| | |
|-------|-------------------|
| SEG | - \$107,091,800 |
| FED | <u>74,173,300</u> |
| Total | - \$32,918,500 |

Request funding decreases of \$35,282,600 SEG and \$27,794,100 FED in 2013-14 and \$71,809,200 SEG in 2014-15 and a funding increase of \$101,967,400 FED in 2014-15 for the state highway rehabilitation program. Relative to the 2012-13 SEG and FED base, total funding for the program would be decreased by \$63,076,700 in 2013-14 and increased by \$30,158,200 in 2014-15. However, since total funding for the program in 2012-13 includes \$49,000,000 in transportation fund-supported, general obligation bonding, and the Department's request would not authorize new bonding to continue the use of these bonds for the program, the proposed funding would be lower in both years of the biennium than the actual level of funding available in 2012-13. Relative to the SEG and FED base with bonds included, funding would decline by 13.6% in 2013-14 and by 2.3% in 2014-15.

The Department indicates that the requested funding reduction would result in a deterioration of highway conditions on the state highway system. By the end of the biennium, it is estimated that the percentage of highways rated as poor or worse would increase from 19% to 22%.

The following table shows the total funding for the program under the Department's request, including the impact of this item and standard budget adjustments (-\$69,400 SEG annually), relative to the 2012-13 appropriation base, plus the transportation fund-supported, general obligation bonds.

| <u>Fund</u> | <u>2012-13 Base Plus Bonding</u> | <u>Request</u> | |
|---------------------|--------------------------------------|----------------|----------------|
| | | <u>2013-14</u> | <u>2014-15</u> |
| SEG | \$373,942,600 | \$338,590,600 | \$302,064,000 |
| FED | 401,232,200 | 373,438,100 | 503,199,600 |
| SEG-Supported Bonds | <u>49,000,000</u> | <u>0</u> | <u>0</u> |
| Total | \$824,174,800 | \$712,028,700 | \$805,263,600 |

21. MAJOR HIGHWAY DEVELOPMENT

| | |
|-------|---------------------|
| SEG | - \$171,806,800 |
| FED | - 31,749,600 |
| SEG-S | <u>- 19,899,200</u> |
| Total | - \$223,455,600 |

Request funding decreases of \$79,153,400 SEG, \$6,334,200 FED, and \$19,949,600 SEG-S (revenue bond proceeds) in 2013-14 and \$92,653,400 SEG and \$25,415,400 FED in 2014-15 and a funding increase of \$50,400 SEG-S in 2014-15 for the major highway development program. Relative to

the 2012-13 SEG, FED, and SEG-S appropriation base, the net funding decrease for the program under the Department's request would be \$105,437,200 in 2013-14 and \$118,018,400 in 2014-15. However, since total funding for the program in 2012-13 includes \$23,000,000 in transportation fund-supported, general obligation bonding, and the Department's request would not authorize new general obligation bonds to continue the use of those bonds for the program, the proposed reductions would be larger relative to the actual amount of funding available in 2012-13. Relative to the actual 2012-13 funding level, the proposed reduction would be 34.6% in 2013-14 and 37.9% in 2014-15.

The Department indicates that the requested funding reduction would result in a one- or two-year delay in the completion of several enumerated major highway projects. The following table shows the projects for which the completion would be delayed.

| <u>Highway</u> | <u>Project Segment</u> | <u>County</u> | <u>Completion Delay</u> |
|----------------|--------------------------|-----------------------|-------------------------|
| USH 10/441 | CTH CB to Oneida Street | Calumet/Winnebago | Two-year delay |
| USH 12 | Lake Delton to Sauk City | Sauk | Two-year delay |
| USH 14 | Viroqua to Westby | Vernon | One-year delay |
| STH 15 | STH 76 to New London | Outagamie | One-year delay |
| USH 18/151 | Verona Road, Stage 1 | Dane | One-year delay |
| USH 18/151 | Verona Road, Stage 2 | Dane | Two-year delay |
| STH 23 | STH 67 to USH 41 | Sheboygan/Fond du Lac | One-year delay |

In addition to the delays to the completion of these projects, the Department indicates that some work on the USH 41 project in Brown and Winnebago counties and the I-39/90 project in Dane and Rock counties would be delayed by one year. If the proposed reductions are enacted in the 2013-15 biennium, but 2012-13 base-level funding is restored following the 2013-15 biennium, then the completion dates for these projects would not be delayed. If, however, the proposed reductions are not restored, the final completion date for the I-39/90 project would be delayed by two years.

The following table shows the total funding for the program under the Department's request, including the impact of this item and standard budget adjustments (-\$18,300 SEG annually), relative to the 2012-13 appropriation base, plus the transportation fund-supported, general obligation bonds.

| <u>Fund</u> | <u>2012-13 Base</u> | <u>Request</u> | |
|---------------------|---------------------|----------------|----------------|
| | | <u>2013-14</u> | <u>2014-15</u> |
| SEG | \$110,671,700 | \$31,500,000 | \$18,000,000 |
| SEG-S | 159,721,600 | 139,772,000 | 159,772,000 |
| FED | 78,263,500 | 71,929,300 | 52,848,100 |
| SEG-Supported Bonds | <u>23,000,000</u> | <u>0</u> | <u>0</u> |
| Total | \$371,656,800 | \$243,201,300 | \$230,620,100 |

22. SOUTHEAST WISCONSIN FREEWAY MEGAPROJECTS

| | |
|-------|--------------------|
| SEG | \$16,573,900 |
| FED | - 77,126,600 |
| BR | <u>165,000,000</u> |
| Total | \$104,447,300 |

Request a funding increase of \$21,448,700 SEG in 2013-14 and a decrease of \$10,974,700 SEG and \$77,126,600 FED in 2014-15 for the southeast Wisconsin freeway megaprojects program. Request an authorization of \$165,000,000 in transportation fund-supported, general obligation bonds for the Zoo Interchange reconstruction project and request a funding increase of \$959,100 SEG in 2013-14 and \$5,140,800 SEG in 2014-15 to reflect debt service payments on these bonds.

When added to base funding of \$140,885,900 in the southeast Wisconsin freeway megaprojects program (\$45,832,800 SEG and \$95,053,100 FED), the requested funding adjustments for projects and new bonding authorization would make a total of \$380,000,000 available for projects over the biennium (excluding the debt service increase, but including an annual \$59,600 SEG decrease associated with standard budget adjustments). The following table shows the Department's proposed allocation of this funding, by year and fund source, between the Zoo Interchange project and the ongoing construction of the I-94 North-South freeway.

| | <u>2013-14</u> | <u>2014-15</u> | <u>Biennial Total</u> |
|---------------------|---------------------|-------------------|-----------------------|
| Zoo Interchange | | | |
| SEG/FED | \$132,275,000 | \$52,725,000 | \$185,000,000 |
| Bonds | <u>76,725,000</u> | <u>88,275,000</u> | <u>165,000,000</u> |
| Total | \$209,000,000 | \$141,000,000 | \$350,000,000 |
| North-South Freeway | | | |
| SEG/FED | <u>\$30,000,000</u> | <u>\$0</u> | <u>\$30,000,000</u> |
| Program Total | \$239,000,000 | \$141,000,000 | \$380,000,000 |

The Department's proposed funding schedule represents a reduction relative to the current financial plans for the two reconstruction projects. The \$350 million allocated to the Zoo Interchange project would be a reduction of \$300 million from the \$650 million proposed in the current financial plan. The Department indicates that this reduction would result in the delay of mainline and structure work in the core of the interchange and an overall two-year delay in the completion of the project (finishing in 2020 instead of 2018), although this revised schedule would also depend upon funding decisions made in subsequent biennia.

The \$30 million allocated to the North-South freeway is \$55 million less than the \$85 million that the Department had previously planned to allocate to the project in the 2013-15 biennium. This reduction would result in a delay to work on the Ryan Road interchange in southern Milwaukee County and a delay to work on some frontage roads in Racine County. The overall completion date of the project may also be delayed as the result of this funding reduction, but this would depend on funding decisions made in future biennia. Under the current financial plan, the project is scheduled for completion in 2021.

23. HIGH-COST BRIDGE PROGRAM -- HOAN BRIDGE AND LAKE INTERCHANGE PROJECT

| | |
|-------|--------------------|
| SEG | \$89,520,000 |
| FED | 25,000,000 |
| SEG-S | <u>121,480,000</u> |
| Total | \$236,000,000 |

Request \$89,520,000 SEG and \$25,000,000 FED in 2013-14 in the appropriations for the high-cost bridge program for the rehabilitation of the Hoan Bridge and the adjoining I-794 Lake Interchange in eastern Milwaukee County. Request \$121,480,000 SEG-S in 2013-14 in a newly-created appropriation for transportation revenue bond proceeds for the high-cost bridge program, to provide a total of \$236,000,000 for the project. A high-cost bridge project is defined as an improvement project involving a bridge on the state trunk highway system, including approaches, that has an estimated cost exceeding \$150,000,000.

24. I-94 LANE CAPACITY RESTRICTION

Request a statutory modification to eliminate a current law provision that prohibits the Department from adding any lanes for vehicular traffic to I-94 adjacent to the Wood National Cemetery between Hawley Road and the Stadium Interchange, in Milwaukee County. The Department indicates that this statutory modification is requested "in order to avoid design and construction limitations that may prevent the Department from executing its obligations as to safe and efficient highway design and construction." The Department began an environmental study in 2012 of the I-94 East-West freeway between 70th Street and 25th Street, a segment that incorporates the Wood National Cemetery section. The study, which will identify various reconstruction alternatives, is expected to be completed in 2014.

25. STATE HIGHWAY MAINTENANCE AND TRAFFIC OPERATIONS -- ROUTINE MAINTENANCE FUNDING AND PROGRAM RESTRUCTURING

| | |
|-----|--------------|
| SEG | \$55,000,000 |
|-----|--------------|

Request a transfer of \$120,000,000 annually from the SEG appropriation for state highway maintenance and traffic operations to a newly-created, continuing appropriation for routine maintenance contracts with counties. Request the creation of FED and SEG-L routine maintenance appropriations, for the expenditure of any funds received from federal or local sources for routine maintenance (no funding would be provided in these appropriations, but their creation would allow for expenditure of these funds if received). Request additional funding of \$5,000,000 SEG in 2013-14 and \$50,000,000 SEG in 2014-15 for the new, routine maintenance appropriation to provide total funding of \$125,000,000 SEG in 2013-14 and \$170,000,000 SEG in 2014-15. The Department's request indicates that the additional funding for routine maintenance contracts would allow the Department to implement an asset management strategy beginning in calendar year 2014 to extend the life of the highway system and enhance system functionality, by more fully funding the Department's level of service model for county maintenance activities.

Request a statutory modification to allow the Department to reimburse counties (or municipalities, if applicable) based on terms other than actual costs incurred. Under current law, DOT is required to reimburse counties or municipalities for actual costs incurred for

maintenance services provided on state trunk highways. The Department's request raises the possibility of reimbursing counties on a unit cost basis.

Request a statutory modification to change the title of the existing SEG, FED, and SEG-L appropriations for state highway maintenance and traffic operations to "highway system management and operations." Under this request item, funding for the non-routine maintenance activities, including emergency repairs, traffic operations, salt purchases, and the administrative costs of the Department's Bureau of Highway Maintenance, Bureau of Traffic Operations, and Bureau of Structures would remain in the existing, renamed SEG appropriation. With the requested transfer of \$120,000,000 annually to the new, routine maintenance appropriation, remaining funding in the highway system management and operations appropriation (including the effect of -\$225,500 SEG annually in standard budget adjustments) would be \$82,881,000 SEG annually.

26. STATE HIGHWAY MAINTENANCE AND TRAFFIC OPERATIONS -- DEFINITION OF HIGHWAY IMPROVEMENT

Request a modification to the statutory definition of highway improvement to include: (a) the stand-alone installation of traffic signals and intelligent transportation systems; (b) activities that restore or improve highways, add four or more years of life, are life-cycle or investment driven, and are based on an asset management philosophy (including such activities as seal coats, crack seals, patching, thin overlays, chip seals, bridge cleaning and painting, and bridge deck rehabilitation, among others); (c) activities that are time sensitive and normally associated with emergency situations involving immediate safety risks or some degree of unacceptable mobility delays (such as bridge hits, pavement blow-ups, and road washouts); and (d) activities that are not defined as general or special maintenance (which would be changed to "routine" maintenance under the proposal). Whereas these activities are currently funded from the state highway maintenance and traffic operations appropriations, the requested statutory changes would allow them to also be funded from the state highway rehabilitation appropriations.

27. HIGHWAY PROGRAM ENGINEERING POSITIONS

Request 180 positions annually to increase the number of Department highway engineers and related technical positions. Request a transfer of \$11,741,500 in 2013-14 and \$15,655,300 in 2014-15 from the state highway rehabilitation budget line for engineering consultant services to the delivery budget line for the highway improvement program to fund the salary, fringe benefit, and supplies costs associated with the new positions. In its request, the Department indicates that new Department staff would replace work currently being done by engineering consultants, which the Department estimates would lower the percentage of total engineering work done by consultants from approximately 70% currently to 63%. Of the 180 positions, 145 would be placed in the Department's regional offices, while 35 would provide technical assistance in the Department's central office. The Department cites the need to increase the depth and range of state staff engineering expertise and a desire to reduce highway delivery costs as the primary reasons for replacing engineering consulting services with state staff.

| Positions | |
|-----------|--------|
| SEG | 180.00 |

28. HIGHWAY PROJECT DESIGN INVENTORY REQUIREMENT

Request a statutory modification to reduce the inventory of completed highway project designs in the state highway rehabilitation and major highway development programs that the Department must maintain, such that the estimated cost of projects with completed designs would be at least 20% of the annual funding in each program instead of, under current law, at least 65% of the annual funding in each program. The inventory requirement, which was created in the 2009-11 biennial budget, requires the Department to meet the 65% threshold by January 1, 2014, and maintain that level continuously thereafter. The Department indicates that the proposed reduction to the design inventory threshold would allow funding that would otherwise be used for completing highway designs to be used instead on highway construction projects. The Department estimates that an additional \$50 million to \$70 million would be spent on construction projects over a two- to three-year period as the Department draws down the existing inventory of completed designs.

29. SPONSORSHIP AGREEMENTS FOR HIGHWAY FACILITIES

Request a statutory modification to create a program revenue appropriation for the receipt and expenditure of revenue from private or governmental sponsorship and partnership agreements and to give the Department explicit authority to execute such agreements, subject to limitations of federal and state law. Under such agreements, the Department would receive revenue from a sponsor in exchange for recognition of the sponsor through signage on a state highway or roadside facility (such as park-and-ride lots and rest areas) or the placement of the sponsor's logo on a Department product, equipment, or website. Revenues could be expended for maintenance of roadside facilities or for state highway maintenance and traffic operations. The Department's request indicates that there is currently interest in such agreements related to park-and-ride lots, rest areas, freeway service teams, 511 traveler service sites, and roadway segments.

30. SURVEYING REFERENCE STATION SYSTEM PROGRAM REVENUE APPROPRIATION

| | |
|----|-----------|
| PR | \$470,000 |
|----|-----------|

Request \$470,000 in 2014-15 in a newly-created, program revenue appropriation for the cost of maintaining the Department's surveying reference station system, including the cost of periodic equipment replacement, plus authority to charge a fee to users of the system. This system provides precise latitude, longitude, and elevation data for a variety of engineering and other applications. Users who may be charged a fee would include governmental or private entities. The Department indicates in its request that the fee would be established by administrative rule, but anticipates that it would be approximately \$525 per user, with a maximum charge of \$2,100 for any one entity.

31. REPLACEMENT OF DIVISION OF MOTOR VEHICLES DOCUMENT PROCESSING AND ISSUANCE EQUIPMENT

| | |
|-----|-----------|
| SEG | \$560,000 |
|-----|-----------|

Request \$280,000 annually to establish a five-year replacement schedule for document scanners, printers, and other equipment used in the electronic storage and verification of documents submitted by applicants for driver's licenses and identification cards. The equipment that would be replaced was originally purchased in 2008 and 2009 utilizing one-time funding provided for compliance with document storage and verification requirements of the federal Real ID Act. The Department indicates that this equipment is now reaching the end of its expected life, and is no longer under warranty. The requested funding would allow the Department to replace the equipment at a total cost of \$1,400,000 over a five-year period, beginning in 2013-14.

32. COMMERCIAL MOTOR CARRIER INSPECTOR POSITIONS

| | Funding | Positions |
|-------|----------------|------------------|
| SEG | \$3,832,500 | 24.00 |
| FED | <u>0</u> | <u>4.00</u> |
| Total | \$3,832,500 | 28.00 |

Request \$1,834,300 SEG in 2013-14 and \$1,998,200 SEG in 2014-15 and 22.0 SEG positions and 6.0 FED positions annually to increase the State Patrol's commercial motor carrier enforcement activities. In addition, request the conversion of 2.0 existing FED positions for motor carrier consumer protection investigators to 2.0 SEG State Patrol inspector positions. The net result on positions under this request item would be an annual increase of 24.0 SEG positions and 4.0 FED positions.

The Division of State Patrol currently has 101 commercial motor carrier inspectors assigned to field enforcement duties, either at fixed weight and inspection stations or on mobile patrol. These positions are sworn law enforcement officers, distinct from State Patrol troopers. In addition, the Division has 13 consumer protection investigators, whose duty is to perform field reviews of commercial motor carriers to check for compliance with federal and state motor carrier laws. Of these 13, four are sworn inspectors and nine are "civilian" employees. Under the Department's request, the number of inspectors working in field enforcement would increase by 24, as the result of adding 20 new inspector positions and the reassignment of the four inspectors currently performing compliance reviews. The request would also result in a net increase of four consumer protection investigators, all of whom would be civilian positions. The following table summarizes the effect of this request.

| | <u>Field Inspectors</u> | <u>Consumer Protection Protection Investigators Sworn</u> | <u>Civilian</u> | <u>Total</u> |
|-------------------|-------------------------|---|-----------------|--------------|
| Current Staffing | 101 | 4 | 9 | 114 |
| Request | <u>24</u> | <u>-4</u> | <u>8</u> | <u>28</u> |
| Proposed Staffing | 125 | 0 | 17 | 142 |

The Department indicates in its request that the new inspector and consumer protection investigators would be a response to a growth in commercial motor carrier traffic and to bring

the state's enforcement effort closer to that of Wisconsin's neighboring states. The requested SEG funding would be for the salary and fringe benefits, supplies related to the positions, and training costs. The additional FED positions would be funded with existing federal motor carrier safety aid.

33. STANDARD BUDGET ADJUSTMENTS

Request adjustments to the base budget for: (a) turnover reduction (-\$3,908,600 SEG and -\$83,500 FED annually); (b) removal of noncontinuing elements (-\$500,000 SEG annually and -\$153,100 FED and -8.0 FED positions in 2013-14 and -\$316,200 FED and -8.0 FED positions in 2014-15); (c) full funding of continuing position salaries and fringe benefits (-\$5,918,200 SEG, \$229,500 FED, \$2,500 SEG-S, and -\$229,800 PR annually); (d) overtime (\$2,782,200 SEG, \$98,100 FED, \$14,100 SEG-S, and \$166,600 PR annually); (e) night and weekend salary differential (\$257,500 SEG, \$5,400 FED, and \$300 SEG-S annually); and (f) full funding of lease costs and directed moves (\$580,500 SEG in 2013-14 and \$837,200 SEG in 2014-15).

| | Funding | Positions |
|-------|------------------|-------------|
| SEG | - \$13,156,500 | 0.00 |
| FED | 29,700 | - 8.00 |
| SEG-S | 33,800 | 0.00 |
| PR | <u>- 126,400</u> | <u>0.00</u> |
| Total | - \$13,219,400 | - 8.00 |

34. DEPARTMENTAL FACILITY OPERATIONS, MAINTENANCE, AND REPAIR

| | |
|-----|-------------|
| SEG | \$1,800,000 |
|-----|-------------|

Request \$900,000 annually for transportation facility operations, maintenance, and repair. Of this amount, \$500,000 annually would be for general facility operations and utility costs, while \$400,000 annually would be to address maintenance and repair backlogs for the Department's facilities. The Department has over 200 facilities, including general administrative buildings, Division of Motor Vehicles service centers, and Division of State Patrol posts and communication tower sites.

With the requested increase, funding for facility operations and utilities would increase from \$2,303,600 to \$2,803,600 annually. In its request, the Department indicates that the cost for facility operations and utilities has exceeded the current budget during the past several years, including by \$1.1 million in 2011-12. The Department has reallocated resources from other functions within the Department's Division of Business Management on a short-term basis to manage these excess expenditures.

If approved, funding for facility repair and maintenance would increase from \$415,000 to \$815,000 annually. In its request, the Department indicates that repair and maintenance costs have increased due to the aging of the Department's buildings, while funding for these activities has remained at its current level since 2005-06. The Department has responded by deferring repair projects and reducing maintenance. As a result, the Department has a backlog of 266 facility repair and maintenance projects with an estimated cost of \$1.2 million.